



BUDGET COMMITTEE



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Opening Statement from Senator Judd Gregg (partial/unofficial transcript)

Senate Budget Committee Hearing on the President's Defense Budget Request for Fiscal Year 2008 and War Costs

We thank the panel for appearing today – thank you Admiral, and thank you Mr. Secretary, and Comptroller Jonas for taking the time to come before the Budget Committee.

I think there are points which need to be addressed here, which I would like to highlight, and then hopefully we can get into them in more specifics. The first, I will pick up, not necessarily in order of priority, but first picking up on the last statement by the Chairman, is the continued financing of the war in a manner which is outside the budget process. Declaring the funding for the war to be an emergency is really no longer a defensible position because clearly we know we have these costs. We've been engaged in this war now for five years, and we certainly understand we're going to be engaged in it for some time to come. And these costs should be predictable to a large extent – to the extent they aren't predictable they would be at the margin and could come up in an emergency supplemental. But the vast majority of the costs are clearly predictable. So these should not come forward as an emergency supplemental. I don't have any problem with them coming forward in what I call a "sidecar," where they're essentially not folded into the base of the defense budget, the war costs, and I don't think they should be because hopefully two, three, four years from now when we're disengaged completely, hopefully, from Iraq we don't want to have to sift these funds, these accounts, out. But they should no longer be declared an emergency and in my opinion the emergency designation should be stripped from the supplemental.

Also the supplemental process, the emergency supplemental process, is being used to shield spending which is clearly not part of the war effort, in my opinion, and is being used as a way – because money is fungible – to basically bump up the base budget and put accounts into the emergency exercise which should be properly reviewed as part of the basic defense budget. I would take for example in the supplemental we have pending before us there's an Osprey proposed, which is not part of this war effort – won't be online in time for the war effort. There's five C130-Js, which again probably won't even get to the theater. There's eight E-18 Growlers. There's permanent force structure

increase, which again is not part of the war effort. There's even two Joint Strike Fighters in this supplemental, and they won't even be completed until 2013.

I suppose its human nature when you've got a vehicle moving that you know you're going to get through to try to load it up. Regrettably some of my colleagues are throwing baggage on this train which has nothing to do with the war effort or emergencies also. But its one of the problems of sending this up through an emergency process. Those programs that I just outlined should go through the authorizing committee and then come to the Appropriations Committee in the regular order – they should not be set outside the process. So that concerns me.

Those are concerns of significance, but I think the bigger concern is where costs of defense are going. There's no question that the first responsibility of a government, especially our government, is to defend our nation. We have an obligation. But we're seeing an explosion of costs here in the core defense budget which is very significant and it is not necessarily related to the war effort, or if it is related to the war effort, then its projecting the war effort to go on for a lot longer than I hope it will go on, relative to the Iraq situation. For example, the Select Acquisition Report, which basically reflects what the Defense Department needs to buy, in 2001 was projecting weapons systems that would cost us about \$790 billion. The Select Acquisition Report for 2005 is projecting acquisition costs of \$1.5 trillion, so it has more than doubled in four years – that's a big jump. One wonders whether we can afford that sort of pace of expansion in those types of accounts.

There are other issues which concern me. In the statement from the Secretary today, the statement is made that Iran, North Korea, and China, in different ways are currently the most worrisome concerns. In my opinion, Al Qaeda is the most worrisome concern, and the threat of a terrorist attack on American soil using a weapon of mass destruction is our greatest threat. These other nations are obviously significant concerns, and certainly a nuclear Iran is a very significant concern. But it does seem to me that if the mentality of the defense structure is that we are basically focused, as our primary concern, on those three nations in the traditional war fighting balance-of-power structure, that we're missing the point that we're now engaged in an entirely different world where boots on the ground don't necessarily win the fight – intelligence and the capacity to find the people before they attack us wins the fight. And the people who want to attack us are not organized in nation-states, they're just very organized as religious fanatics. And so I'm interested in knowing how the Department of Defense views the balance between those two issues of confronting nation-states and confronting a very orchestrated, very large group of religious fanatics who believe genuinely that they should destroy our nation and our culture. These are just some questions I have and I look forward to hearing from the Secretary on these.

Let me end my statement by saying that I greatly admire the service that you folks give our nation – I think we all do obviously. We appreciate it. We know you are in difficult times, and having tremendous stress on you as individuals and obviously on the people you serve with who are in harms way and we thank you for their service and your service.

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